



American Lamb Council



American Sheep Industry Association, Inc.

www.sheepusa.org



American Wool Council

Statement of

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President of the
American Sheep Industry Association

Before the

Committee on Agriculture

U.S. House of Representatives

September 20, 2006
Washington, D.C.

Federal Farm Policy

On behalf of the 68,000 family farms and ranches that produce sheep in America, I am very appreciative of this opportunity to discuss our nation's agricultural policy with the agriculture leadership of the U.S. House of Representatives.

I am Paul Frischknecht and currently serve as president of the American Sheep Industry Association (ASI), the national trade organization of the nation's sheep industry. I am a life long sheep rancher from Manti, Utah.

The sheep industry of the United States produces lamb and wool in every part of the country. The industry provides half a billion dollars to the American economy and is a mainstay of many rural communities in which sheep are a key use of grazing and pasture land.

Sheep producers have been aggressive and creative in their approach to national initiatives that strengthen the domestic industry.

In 2005, the sheep industry approved a national referendum to continue our American Lamb Board checkoff program. This lamb promotion program is entirely funded by the industry and I am pleased to say that of those who voted, 80 percent voted in favor of the referendum. We collect over \$2 million annually from sheep sales with producers, feeders and lamb companies all paying a share of the checkoff.

We are the first livestock industry to use the standing authority for checkoff programs as authorized in the 1996 Farm Bill and can report to you the system does work.

The American Wool Council launched a wool production, information and marketing program for American wool in early 2001. Our national initiatives have improved competition for American wool. International marketing programs have exposed U.S. wools to the world and exports have grown rapidly to over 60 percent of our annual production. Total exports represented less than a third of production prior to our programs. We now sell into eight or more international markets each year. In addition to expanding market opportunities for producers, the Wool Council has developed new fabrics and treatments for textiles with U.S. companies and America's armed services. We are proud to help provide clothing and uniforms for the men and women of our military. Nearly one fourth of our wool production is consumed by the U.S. military.

2004 marked the first growth in U.S. sheep inventory since 1990. We grew our industry again in 2005, the first year on year increase in sheep numbers since 1987 – 1988. Industry growth improves competitiveness for all segments of the industry from lamb feeders to lamb meat companies, wool warehouses to wool mills, feed suppliers, trucking firms and shearing companies.

I am pleased to comment on the positive impact of the current Farm Bill as it included the new Wool Loan Deficiency (LDP) program which provides the only safety net for producers in our business. **I encourage the Committee to re-authorize the wool LDP and at a base loan rate of \$1.20 per pound in order to provide the benefit of the program as intended.** While nine loan rates are available, essentially all wool LDP applications are in one non-graded rate category. The research provided in 2002 by the Food and Agriculture Policy Research Institute (FAPRI) supported a \$1.20 per pound base loan rate however, the legislation lowered the base to a \$1.00 per pound with a budget score of \$20 million annually. The total payments for each of the 2002 through 2005 crop years was \$7.8 million, \$7 million, \$7.3 million, and \$6.1 million respectively.

The significant difference between the annual cost estimate and the actual payment total each year combined with the fact that nearly all participation has been in only one loan category out of nine, supports the request that the program be authorized at the base rate of \$1.20 per pound rather than \$1.00 in the current legislation. With a loan rate of \$1.20 per pound, total payments are projected to remain under \$20 million annually.

I urge the Committee to support re-authorization of the National Sheep Industry Improvement Center.

As established in the 1996 Farm Bill in the Rural Development program of USDA, the National Sheep Industry Improvement Center provides loans and grants to business ventures for financing programs where normal commercial credit or funds were not available. This program does not provide funds for individual producers or for the purchase of sheep or land, but rather for projects to strengthen the sheep business including loans to wool warehouses, lamb slaughter and processing ventures, and wool

processors. The Center has provided 56 loans to 38 entities in 21 states. The total volume of dollars that have been loaned since 2000 totals approximately \$15.5 million. The Center has also made 58 grants equaling \$20,754,529.

Re-authorization of the Center for the life of the next Farm Bill is crucial to the efforts to continue re-building the U.S. sheep inventory and infrastructure. \$20 million of funding would complete the \$50 million authorization of the 1996 legislation.

Additionally, the sheep industry actively participates in the USDA Foreign Market Development, Market Access Program and Quality Samples Program and we encourage inclusion of these in the Farm Bill.

The United States has no barriers to lamb meat imports and as such has become the market of choice for lamb exporters from around the world. Lamb was never part of the Meat Import Act so other than the brief period of temporary restrictions in late 1999 – 2001, lamb meat has and is freely traded. However, the playing field is not equitable for U.S. sheep producers. The European Union continues to provide over \$2 billion annually in government price support and subsidies to their sheep producers. The European Union maintains strict and effective tariff rate quotas on lamb imports. Our industry looks to both the Agriculture Committee's role in industry programs in the next Farm Bill and the Committee's role in pushing for aggressive reform of Europe's agriculture programs and barriers to assist the domestic sheep business.

Our industry supports enhancement of the conservation title of the next Farm Bill with support of prescriptive grazing with sheep.

Weed invasion into rangeland communities often results in reduced biodiversity, increased soil erosion, degradation of wildlife habitat and water quality and reduced carrying capacity for livestock.

Due to the fact there are many challenges when controlling invasive plants on rangeland, including vast roadless areas that limit access for weed control and lands of low economic value that make chemical and mechanical control impractical, these challenges favor biological control methods. One biological control method that is an under-exploited, readily available tool is prescribed livestock grazing, which is quickly proving to be very effective for weed control.

Prescribed grazing is the application of livestock grazing at a specified season, duration and intensity to accomplish specific vegetation management goals. Scientific studies and on-the-ground experiences have clearly demonstrated that livestock are a promising tool in the battle against weeds in pastures, rangeland and forests.

We believe the conservation title should address programs and direction to support prescriptive grazing with sheep both for invasive species and noxious weed control.

Cost-share programs could be directed to prescriptive grazing projects to provide financial and technical assistance through our industry to promote grazing contracts with federal, state, municipal, tribal or private lands for prescribed grazing. I add that our industry believes prescribed grazing can be expanded to a revenue option for farmers and ranchers which in turn strengthen the economies of rural areas of the country.

As evident in the listening sessions on the Farm Bill that USDA Secretary Johanns conducted last year, a number of comments were provided by producers in support of a retained ewe lamb program in the next Farm Bill. The growth of the U.S. sheep industry can in part be credited to the USDA retained ewe lamb program that was in effect for 2002 - 2004. The incentive payment to producers to keep ewe lambs in their breeding herd rather than sell them for slaughter encouraged producers to expand breeding herds which, in the longer term, will provide increased market lambs to help U.S. producers maintain and increase their share of the American meat case.

Sheep producers have two issues that can preferably be addressed by the Committee earlier than in the next Farm Bill.

Livestock Mandatory Price Reporting (LMPR) expired nearly a year ago and while the Committee on Agriculture approved a five-year reauthorization, final legislation has not been reached with the U.S. Senate. Many American lamb companies have continued to comply voluntarily with LMPR however, importers have steadfastly refused to cooperate; therefore we lack 40 percent of wholesale lamb price data. We have had no retail prices reported during this lapse and for two weeks last winter, carcass lamb prices were not available. We appreciate the Committee effort to reauthorize LMPR and urge all expediency to finalize legislation in the 109th Congress.

Livestock Risk Protection (LRP) for the lamb industry has been under consideration by USDA since 2004. We request the Committee's support for a pilot program for lamb price-risk protection as has been provided for cattle and swine. The Federal Crop Insurance Corporation board meets September 27-28 and we anticipate a pilot program of LRP for lamb will be considered at that time. The lamb industry does not have any price-risk management tools as slaughter and feeder lambs are not traded on a commodity exchange. We believe the lamb industry to be a great candidate for the price risk management that was intended to be provided by the authority in the "Agriculture Risk Protection Act of 2000, as amended for Livestock Risk Protection.

Thank you for the opportunity to provide the sheep industry priorities for the next Farm Bill.

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Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Paul R. Frischknecht
2. Business Address: 50 North Main Street
Manti, Utah 84642
3. Business Phone Number: (435) 835-4391
4. Organization you represent: American Sheep Industry Association
5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:
Life long sheep rancher and farmer. Generational
sheep raising family. Served on National Animal
Damage Advisory Board.
6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:
Past President Utah Woolgrowers Association, Past
President National Public Lands Council, Chairman
Utah Central Regional Grazing Board, Attorney
Representing farmers and ranchers. Utah Agriculture
Advisory Board.
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:
President American Sheep Industry Association

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Paul R Frischknecht
Address: 50 N Main Street, Manti, UT 84642
Telephone: 435-835-4391
Organization you represent (if any): American Sheep Industry Association

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: WOOL TRUST Amount: 6,750,000

Source: ADHS / SCRADIE Amount: 462,127
NSIIC / SHEEP INSURANCE 10,000

Please check here if this form is NOT applicable to you: _____

Signature: Paul R. Frischknecht

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.